

GRANDVIEW SCHOOL DISTRICT No. 116/200
Yakima County, Washington
September 1, 1990 Through August 31, 1992

Schedule Of Findings

1. District Officials Should Supplement Not Supplant State Or Local Funds With Chapter 1 Funds

For the fiscal years ending August 31, 1990 and 1991, the district had been allocated funds by the state for the educationally deprived pupils through the Learning Assistance Program (LAP). The district did not fully spend their allocation for LAP in the amounts of \$20,089.33 and \$12,802.59, respectively. The state therefore recovered the unspent LAP funds from the district and reduced the district's reimbursement for the federal Chapter 1 program by the same amount. The recovered Chapter 1 funds in the amounts of \$20,089.33 and \$12,802.59, respectively are supplanted expenditures.

34 *Codification of Federal Regulations* Section 200.44 states in part:

... a local educational agency (district) may use funds available under this part to supplement and, to the practicable, increase the level of non-Federal funds that would, in the absence of funds under this part, be made available for the education of pupils participating in Chapter 1 projects, and in no case may funds available under this part be used to supplant those non-Federal funds.

The state LAP is designed to serve pupils with the same educational needs as the federal Chapter 1 program. Therefore, the district must spend all available LAP funds before using the Chapter 1 funds. The district did not spend all available funds and therefore the state recovered the unspent funds as noted above. The recovery of funds from both programs has an effect on the eligible students of the district because if the funds were used additional services could have been provided to the participating students and/or additional pupils could have been served.

We recommend district officials supplement the Chapter 1 program by spending all the available state and local funds allocated to them for LAP.

We further recommend district officials develop and implement monitoring procedures to ensure that all allocated LAP funds will be spent during the fiscal year.

2. Documents Filed With The Superintendent Of Public Instruction Were Fraudulent And Signatures Were Forged

During the Summer of 1992, Ms. Norma Conklin, head of the Grandview School District Vocational Department, filed fraudulent documents, which exhibited forged signatures, with the Superintendent of Public Instruction (SPI).

The documents purported to show a summary of actions taken by a vocational education local advisory council. However, several of the local citizens whose names appeared on the documents as council/committee members had no knowledge of their inclusion.

On February 2, 1993, Ms. Conklin acknowledged that she had both prepared, and signed another persons name to the reports because she had not had time to organize the council. Ms. Conklin also stated that she considered the reports to be projections which had no particular significance.

Washington Administrative Code (WAC) 490-36A outlines requirements for approval of local educational agency programs. WAC 490-36A-020 states, in part:

... Each eligible recipient receiving assistance under this act to operate vocational education programs shall establish a local advisory council to provide ... advice on current job needs and on the relevancy of courses being offered ... in meeting such needs. Such local advisory council shall be composed of members of the general public ... (1) Each eligible recipient shall assure the appropriate state agency, in its application for federal or state funds, evidence that documentation of the establishment of a local advisory council is on file ...

Revised Code of Washington (RCW) 40.16.030 states:

... Every person who shall knowingly procure or offer any false or forged instrument to be filed, registered, or recorded in any public office, which instrument, if genuine, might be filed, registered or recorded in such office under any law of this state or of the United States, shall be punished by imprisonment in a state correctional facility for not more than five years, or by a fine of not more than five thousand dollars, or by both ...

Failure to comply with the requirements of WAC 490-36A-20 could jeopardize state and federal funding to the district for vocational education.

We recommend district officials ensure future vocational education forms are completed properly and filed with SPI in accordance with WAC 490-36A-020.

We further recommend the Washington State Attorney General and the Yakima County Prosecuting Attorney review this matter and take whatever action is deemed necessary under the circumstances.

3. District Officials Should Establish Adequate Internal Control Procedures Over The Distributive Education Club Of America (DECA) Store

Our audit of the Associated Student Body sponsored DECA store revealed that generally accepted internal controls over store operation were either missing or not utilized. The internal control deficiencies included missing or incomplete sales and cash receipting

documentation, poor security over cash, inadequate inventory procedures, and inadequate records and procedures to evaluate store results of operations.

Without adequate record keeping and internal control procedures, district officials are unable to determine the results of the store operations and any errors or omissions in the operations of the store cannot be prevented or detected on a timely basis.

This condition arose because district officials were unaware that the faculty supervision of the DECA store was not complying with common business practices.

We recommend district officials develop, implement, and monitor adequate record keeping and internal control procedures to ensure the public funds generated by the DECA store are properly accounted for and all assets of the DECA store are properly safeguarded.